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OIFP Funds County Prosecutors' Insurance Fraud Fighting Efforts



First Assistant Insurance Fraud Prosecutor John J. Smith, Jr. (c.right) suggests investigative strategy at a meeting with Union County Prosecutor's Office staff.



OIFP Funds County Prosecutors' Insurance Fraud Fighting Efforts

by Stephen D. Moore

Aided by funding provided by the Office of the Insurance Fraud Prosecutor (OIFP), New Jersey's County Prosecutors continued in 2003 to expand their efforts in the State's war on insurance fraud through the undertaking of criminal investigations and prosecutions at the county level. From an Essex County initiative targeting owners who burn their cars in order to file phony insurance claims to a unique Salem County ride along program aimed at drivers who use fraudulent insurance identification cards, County Prosecutors have used OIFP funding to launch or toughen programs to catch and punish insurance cheats.

Pursuant to the Automobile Insurance Cost Reduction Act of 1998 (AICRA), the Attorney General is authorized to reimburse County Prosecutors for their efforts to combat insurance fraud. Since its inception in 1999, the New Jersey County Prosecutor Insurance Fraud Reimburse-

ment Program, administered by OIFP on behalf of the Attorney General, has funded fraud fighting personnel and equipment in 20 of the State's 21 County Prosecutors' Offices.

The funding of County Prosecutors' Offices to enhance their ability to investigate and prosecute insurance fraud is an integral part of New Jersey's broad-based war on insurance fraud because County Prosecutors are often able to detect, investigate and prosecute insurance scams which might otherwise "fly below the radar screen" of a statewide criminal justice agency. Through their close working relationship with local law enforcement agencies, their cultivation of local informants, their ability to tap local law enforcement resources and their unique familiarity with local crime demographics, County Prosecutors are often able to identify and develop promising leads which culminate in successful criminal prosecutions.



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With OIFP's financial backing, County Prosecutors continued in 2003 to implement new and innovative initiatives carefully tailored to investigate and prosecute insurance cheats within their jurisdictions. In Essex County, New Jersey's most urban county, the Essex County Prosecutor used OIFP funding to inaugurate an Essex County Vehicle Fire Initiative at the end of 2002. The Initiative hit its stride in 2003 as it implemented protocols for processing, reviewing and screening all vehicles burned in the county. The Initiative operates as a separate program within the Essex County Arson Task Force. Personnel assigned to the Initiative work closely with insurance company investigators and local police department detectives to ensure that every motor vehicle fire in the county is investigated by qualified personnel as

expeditiously and efficiently as possible. In 2003, the Essex County Vehicle Fire Initiative opened well over 300 cases involving over \$3 million in potential insurance claims. All of these cases were also reported by the Essex County Prosecutor's Office to OIFP on monthly reporting forms, which enabled OIFP to open civil insurance fraud investigations to complement any criminal prosecutions ultimately undertaken by the Essex County Prosecutor's Office. Without funding from OIFP, local law enforcement authorities would have lacked sufficient resources to adequately investigate most of these cases.

At the other end of New Jersey, in Salem County, OIFP funding enabled the Salem County Prosecutor's Office to implement a new Insurance Fraud Ride Along Program. Under this Program, the county's OIFP funded insurance fraud Investigator rides along with municipal police officers in patrol cars which have been specifically assigned to make motor vehicle stops to perform document checks, which include verifying the authenticity of motor vehicle insurance identification cards produced by the vehicles' drivers. In order to verify whether a card is fictitious, or whether the underlying insurance was canceled for non-payment of premium, the Program relies, in large part, upon the Uninsured Motorist Identification Directory (UMID) issued by OIFP to all County Prosecutors' Offices and all local police departments. The UMID, a directory of insurance company "hotline" numbers, was specifically compiled, published and distributed to law enforcement agencies throughout New Jersey by OIFP in order to provide them with an efficient and effective tool to directly contact insurance companies to verify insurance coverage. Salem's Ride Along Program resulted in the charging of numerous drivers with the crime of displaying a fictitious insur-

ance identification card, and has sent a message to drivers in Salem County that using a counterfeit insurance card in lieu of properly insuring one's vehicle is a crime in New Jersey.

In 2003, the OIFP funded insurance fraud unit in the Morris County Prosecutor's Office was empowered by the Morris County Prosecutor's issuance of a county-wide directive to all police departments in Morris County. The Directive required all police departments to complete and submit specific reports to the Morris County Prosecutor's Office in every case where a motor vehicle is reported stolen, in every case where a motor vehicle that had previously been reported stolen is recovered, and in every case where a person presents a police officer with a fictitious or fraudulent insurance identification card. The Directive is intended to ensure that every possible insurance fraud case involving a motor vehicle theft or counterfeit insurance card is brought to the attention of detectives and prosecutors who are experienced in investigating and prosecuting cases of insurance fraud. The Directive serves as a model of what can be accomplished when a County Prosecutor takes bold steps to ferret out insurance fraud.

After a brief hiatus, in 2003, the Union County Prosecutor's Office rejoined the County Prosecutor Insurance Fraud Reimbursement Program with a renewed vigor and the assignment of highly experienced investigators and prosecutors to its Insurance Fraud Unit. With funding provided through OIFP, the Union County Prosecutor's Office restructured its insurance fraud investigative unit and developed a close working relationship with the highly successful Essex/Union Auto Theft Task Force, a relationship that promises to yield the Unit significant insurance fraud leads.

Funding provided by OIFP to these County Prosecutors' Offices and others throughout the State, totaled over \$3 mil-

lion in 2003 and supported or contributed to the salaries of 40 detectives and investigators, nine assistant prosecutors and six technical and administrative support staff assigned to investigate and prosecute insurance fraud. Pursuant to the requirements of AICRA and the County Prosecutor Insurance Fraud Reimbursement Program, county insurance fraud units work closely and coordinate their activities with OIFP on an ongoing basis. All County Prosecutors' Offices submit periodic reports to OIFP, which include names, addresses and other pertinent identifying information regarding any subjects under investigation for

OIFP Funds

State Police Fraud Unit to Fight Insurance Fraud

As part of its multi-faceted program to combat insurance fraud, the New Jersey Office of the Insurance Fraud Prosecutor (OIFP) also provides funding which pays the salaries of the eight New Jersey State Troopers assigned to the Insurance Fraud Unit of the New Jersey State Police (NJSP). Established with the assistance of OIFP in 1999, the Unit targets motorists on roadways within the jurisdiction of the State Police who violate New Jersey's insurance laws. Since it began operation, the NJSP Insurance Fraud Unit has opened more than 800 insurance fraud related investigations, and filed over 900 charges against more than 850 individuals. Most of the efforts of the Unit have focused on the widespread use of counterfeit or "fictitious" automobile insurance identification cards by motorists attempting to circumvent New Jersey's system of mandatory automobile insurance.

In 2003, the NJSP Insurance Fraud Unit reported that it initiated approximately 166 insurance fraud investigations, effected 172 arrests and filed 135 insurance fraud related charges. The Unit has also conducted, or participated in, the training of hundreds of law enforcement officers at the municipal and State levels with respect to identifying, investigating and charging offenses involving the use of counterfeit insurance cards.



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insurance fraud within their offices. The status of all matters under investigation are updated in monthly reports which provide OIFP with information which is added to its own database of cases to ensure that its own investigations do not duplicate or overlap those undertaken by the counties.

The information reported by county insurance fraud units funded by OIFP enables OIFP, in most cases, to open corresponding civil cases whenever it appears that OIFP may have authority to impose a civil fine pursuant to the provisions of the Insurance Fraud Prevention Act. In 2003, the reporting of subjects under investigation by County Prosecutors' Offices resulted in OIFP opening nearly 800 (797) civil investigations, most of which would not have come to OIFP's attention but for the reports submitted by the counties. Many of the substantial civil cases opened by OIFP-Civil have resulted from these county referrals. The civil investigations conducted by OIFP as a result of these county referrals benefit from the assistance and

cooperation provided by County Prosecutors' Offices investigators and assistant prosecutors funded by OIFP.

County Prosecutors' Insurance Fraud Units charged a total of 393 defendants in 2003 and obtained 175 convictions by guilty plea or trial, which resulted in jail terms of more than 61 years in the aggregate. Some of their most notable cases are summarized in this Report.

